

CATEGORY 3

CUSTOMER FOCUS

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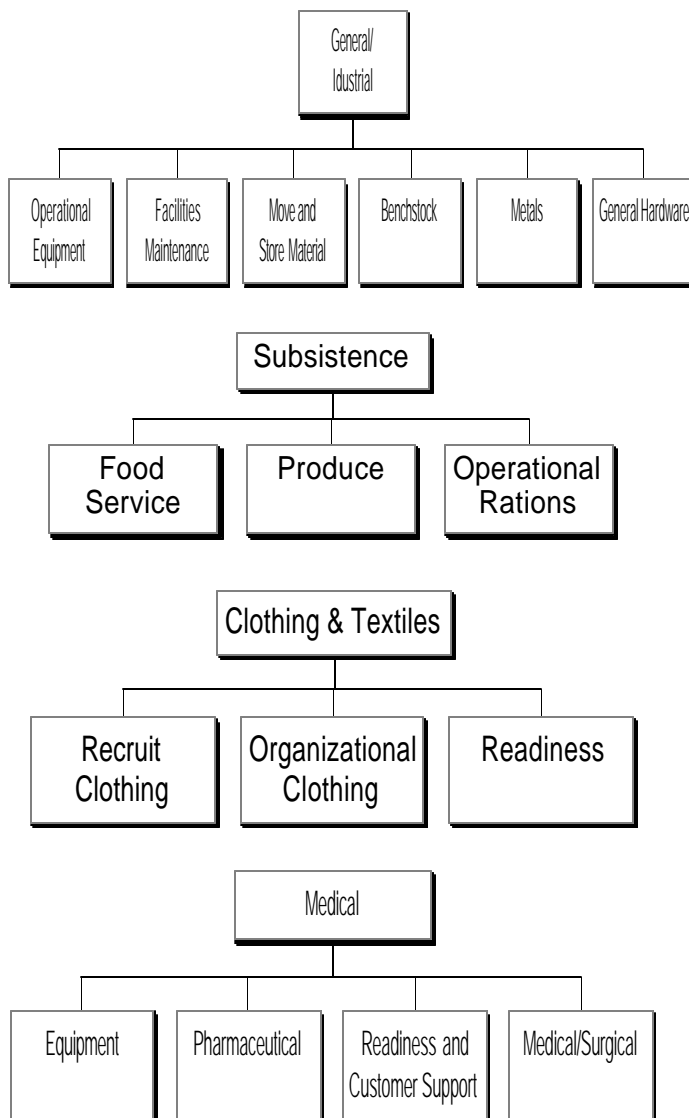
3.0 Customer and Market Knowledge

3.1 Customer and Market Knowledge

DSCP is organized into four separate commodity directorates (Commodity Business Units – CBUs) along customer market segments and product lines. The chart at page vi is a description of what we supply and to whom.

Each CBU works as a functionally integrated team to determine the expectations, needs, and preferences of both existing and potential customers. The CBU multi-functional teams are empowered to manage a group of items through all phases of the logistics process, often for a group of customers in a specific region or geographic area. This structure is especially conducive to our “Prime Vendor” initiative.

Figure 3.1-1 Commodity Business Units



DSCP also segments its customers by type of item, Prime Vendor Regions, Military Services and non-Military (Figure 3.1-2), by top customers based on sales (Figure 3.1-3) and partners with the military medical field offices to ensure customer involvement in DSCP's logistical support.

SALES BY CUSTOMER	
SERVICE	SALES (Percent)
Army	30%
Navy	25%
Air Force	23%
Marines	6%
DeCA	6%
Exchanges	4%
Other	6%
Total Sales = \$4.4 Billion (Incls. C&T, Subs, Med, Gen/Ind)	

Figure 3.1-2 Military Service Sales

ACTIVITY	SALES (Millions)
Naval Training Center Great Lakes	\$46.4
Fort Jackson	\$39.5
U.S. Marine Corps Quantico	\$33.8
Lackland AFB	\$28.3
U.S. Marine Corps Parris Island	\$22.4
Fort Leonard Wood	\$22.2
U.S. Marine Corps San Diego	\$19.8
Navy Resale USC Chesapeake	\$19.4
Fort Hood	\$18.4
Fort Benning	\$18.1

Figure 3.1-3 Top Ten Customers of C&T

3.1.a.(1) Customers are divided into market segments along commodity lines. The DSCP markets are also divided geographically by prime vendor region, which are subdivided into zones. DSCP currently has 16 Commodity Business Units as shown at Figure 3.1-1. Each is focused around a grouping of items that fosters customer support. Based on reengineering efforts, the General and Industrial CBU found that a complex analysis of the market consistently revealed the best way to expand markets and increase sales. They further concluded that interaction with the customer is based on

their processes. So, they redesigned their organizational structure to align with those of their customers' processes, i.e., if the customer requires materials such as electrical, lumber, or plumbing to build or maintain facilities, instead of ordering each area through various buyers, the customer can go to one CBU for all their needs.

Each CBU has defined markets and focuses on sales by customer segments. They define their largest customers and largest potential customers, perform market analysis and sales missions. The result is an end to the one-size-fits-all approach. It is now to a customer focused flexible system.

Our Produce CBU has a Memorandum of Understanding, which includes USDA's Sections 4 & 11 local money and Group A Entitlement money. These funds are federal commodity entitlement dollars that States can receive and agree to use for fresh produce purchases to support the School Meals Initiative for Healthy Children. This also enables DSCP to support Indian Reservations with produce. Currently, we are supporting 26 tribes and have the potential to double this number in the next two years.

3.1.a.(2) Each CBU works as a separate entity and integrates its programs with other directorate programs, but primarily focuses on developing the most efficient method for providing their own products and services. All take advantage of customer complaints and feedback as a valuable tool in determining what the customer wants. There are several customer feedback surveys that offer our external customers the opportunity to tell us what we're doing right and what they want changed. Included is an Agency wide survey, a local survey performed to measure the satisfaction level of our call centers, and several independent surveys performed with Commodity segments to measure the effectiveness of our prime vendor programs. The first results for the call center survey were realized in the fourth quarter of FY99.

Individual key requirements, such as readiness and total costs, vary among segments on a case by case basis. We tailor our support features to meet our customers' needs, i. e., talking face to face with our customers. We learned that they were ordering several parts from us for a type of assembly, using a different requisition for each part. As a result, one of our most popular initiatives is preparing and offering parts in the form of kits.

The base-lining phase of our planning process facilitates evaluation, improvement and keeping up with changing business needs. In addition to reorganizing to meet customer needs based on the changing environment, our General and Industrial CBU prototyped and implemented an automated customer inquiry system. That system now responds three times faster and increased the number of calls handled from 12,000 to 52,000 per month.

An example of listening to the customers' needs is our response to the Unitized Group Ration (UGR). Based on an Army request, the next UGR was downsized to a 50-man module, thereby preventing excessive waste of food in the field as well as better accommodating the size of the units ordering the UGR.

We have made it possible for service men and women to get brand name, high quality garments. With the focus on customer satisfaction, specification writers and organizations went straight to the end user of the items and asked them what they really wanted. The team developed performance specifications that enabled them to buy commercial products from companies such as Jockey and Hanes.

Many new initiatives are sparked by the success of pilot programs. For instance, Medical awarded the first mail order pharmacy contract as a demonstration program to provide mail order prescription drugs to active duty family members, retirees, and their families in six states. The award of this contract provided mail order prescriptions to beneficiaries effected by base closures in 17 BRAC sites. These successes gained DSCP the approval to begin the contracting process to establish a National Retail Pharmacy Network (NRPN).

Other methods we employ for listening and learning about our customers' expectations include such partnerships as our Medical community's link with the military medical field offices to ensure customer involvement in DSCP's logistical support. Our Clothing & Textiles Commodity developed a partnership with the Naval Training Center Great Lakes which helped in the elimination of over \$14 million in inventory. Through these and other partnerships, DSCP has established a process by which our customers can communicate their requirements to us and jointly work toward achieving their goals.

3.1.a.(3) Through one-on-one meetings, videoconferences, phone interface, customer profiles, surveys and data analysis, DSCP determines and/or projects key product/service features and their relative importance/value to new or potential customers. For example, the Bureau of Indian Affairs (BIA) (Department of Interior) identified the need for DLA support to tribes in Arizona & New Mexico. DSCP met with representatives of BIA to determine the actual needs to be produce items. Currently, we are supporting 26 tribes and have the potential to double this number in the next two years. In addition, our Subsistence Directorate Produce CBU has a Memorandum of Understanding with USDA, which includes Sections 4 & 11 local money and Group A Entitlement money. These funds are federal commodity dollars that States can receive and agree to use for fresh produce to support the Schools Meals Initiative for Healthy Children.

3.1.a.(4) We have numerous personnel participating in military, industry and industry-related meetings, conferences, and associations to keep abreast of market conditions and changes in technology and business practices. DSCP also interacts with universities and seeks out the opportunity to interface with customers by attending Service related schools. Display booths are employed to share information with our customers at industry shows and military symposiums and conferences. In addition, our Produce CBU conducts produce-handling workshops for commissary personnel.

3.2 Customer Satisfaction and Relationships

3.2.a. Customer Relationships

3.2.a.(1) We put our customers first by focusing on their special needs, establishing open communication channels, incorporating their feedback and becoming partners with them. Through one-on-one meetings, videoconferences, phone interface, customer profiles, surveys and data analysis DSCP identifies whether or not we are satisfying our customers with the services we provide. Individual Commodity customer conferences are held annually. A customer feedback survey was implemented the third quarter of FY99. Call center customers are randomly selected and called back and asked questions regarding the service they experienced. The survey is conducted by objective auditors, and is designed to segment customers by product line. We are

committed to achieving unparalleled customer satisfaction and to supporting military readiness.

We have enhanced our current customer support network. Each commodity has a customer support call center staffed by individuals whose primary function is to handle customer inquiries. Customers can reach any of these call centers through a "front door" toll-free number (1-800-413-678). An automated call distribution system enables us to measure how we are handling these inquiries. We measure speed to answer calls, abandoned call rate and call volume, service target level and first call resolution. We are also able to direct calls to the appropriate technical expert. We now have access to measurements for calls that come into our automated system (DESEX) which provides the customer with 24-hour service. The customer can obtain requisition status, obtain stock availability, and enter both new and modified requisitions. Customers of all our commodities can use this system.

We are continually providing our customers with improved ways of communicating with us. Our Automated System for Cataloging and Ordering Textiles (ASCOT) in C&T is Internet based and capable of being accessed through our Home Page on the World Wide Web, day or night. The catalog shows C&T items, allows searching by various methods, and placing orders on-line. Requisition status and inventory on-hand can be checked on-line. Each item includes a point of contact with e-mail address and phone number. We now provide credit card billing, a phone-in system and market baskets.

We provide customers with information and easy access through e-mail, Internet, 1-800 service, faxes, video-teleconferencing and having people available 24 hours a day to handle customer calls. We also have a customer linked service plan, a dedicated Customer Support Unit and on-site training. We are coordinating with several major industrial customers to have our employees trained on-site to learn how we can tailor support for each customers' mission requirements.

DSCP is constantly updating our World Wide Web Home Page to provide our customers with current access to our data systems and center information.

3.2.a.(2) We have also installed a database software package that is currently being used throughout DLA. This database is used to create customer "profiles". This

information will be made available to the DLA Customer Support Representatives in the field. Eventually, information will be made available to item managers, account managers, etc. We can print reports which isolate issues and determine what action is needed to correct problems.

3.2.a.(3) Our complaint system is comprised of formal complaints, Reports of Discrepancy, Product Quality Deficiency Reports, Unsatisfactory Materiel Reports, and informal complaints. An internal policy memorandum stipulates that we initiate a response to all customer complaints within 24 hours after receipt. Once the customer has been granted credit or authorized a replacement item, the action officer conducts a thorough investigation to determine the root cause of the problem and recommends appropriate corrective action to prevent recurrence. Recommended corrective actions in addition to analyses are provided to interested personnel, including management (Figure 3.2-1). A DSCP Customer Service toll-free number is also in place to provide assistance to our customers. When customers dial the toll-free number they select which Commodity they want to contact and they are subsequently transferred to the appropriate call center. See Figure 3.2-1 for DSCP's Customer Complaint Process at the end of this Category.

3.2.a.(4) We forge relationships with our customers through the sharing of information. DSCP and the U.S. Army Veterinary Command use a software program to allow electronic sharing of data and documents. This system also allows data sharing between Veterinary units, CBUs, USDA, Natick Laboratories and other involved agencies. The Medical CBU has increased its customer base to better support America's Warfighters. By expanding our sales base, we leverage our purchasing power while our overhead costs are spread out to a broader customer base, thus building a greater loyalty towards DSCP.

3.2.a.(5) Every quarter survey POCs evaluate the results and questions to see if changes are needed in our strategies to make improvements in current business practices. These evaluations enable us to concentrate our resources on the important issues of our customers.

3.2.b. Customer Satisfaction Determination

3.2.b.(1) We conduct Medical quarterly Support Meetings with customers and DLA Headquarters. In C&T we invite the Military Services to visit quarterly and

present their most pressing needs and concerns. Management and buying teams are present to act upon the customers' wishes. Every attempt is made to fulfill the wish before the customer's departure. We invite customers to in-plant inspections at our vendors' facilities. Customers see first hand the technology in practice and the completed product prior to its acceptance. Use of samples prior to award and post award one-for-one warranty replacement have also enhanced customer satisfaction.

We started to receive results from the customer feedback call center survey in September 1999. The results were forwarded to individual call center managers. Based on the feedback we received, we made some changes. 1) We automated the survey procedure using Microsoft ACCESS. This change enables us to "weed out" repeat calls to the same customer. 2) We made some of the fields "must fill" so that all pertinent information is recorded. 3) Call center managers now have access to survey results before the end of the quarter. This enables our customer service representatives to react promptly to comments requiring action to be taken.

We coordinate with DLA Headquarters on an agency-wide customer satisfaction survey, required by Executive Order. This survey identifies current Customer Satisfaction, as well as the kind and quality of products and services important to the customer. These surveys contain six categories: Role in Organization's Use of Product or Service; Organizations Use of Product or Service; Responsiveness; Coordination with Organization; Overall Product or Service Characteristics and Satisfaction with Specific Products or Services. The results of the survey are used to identify potential areas for further analysis and improvement and serve as a comparative base for future DLA surveys. Our Food Service CBU sends out a customer survey, concerning Prime Vendor, to customers at the dining hall level to get feedback. This provides results as feedback on the vendor, on DSCP performance, systems support, and the items they are receiving. One outcome of this is that vendors can be compared to other vendors or to themselves across time.

We recognize the need to survey our customers to assist us in determining customer satisfaction. The Defense Logistics Support Command issues a survey to our customers. Results are broken out by commodity and provide each commodity an index of customer

satisfaction. The survey also provides a means of determining how well we are doing in comparison to other DLA Centers. Refer to Section 7.1, Customer Satisfaction Results; see Charts 7.1.1, 7.1.2 and 7.1.3. DLA field representatives are using a condensed version of the survey as a questionnaire to be used telephonically and face-to-face with our DLA customers.

3.2.b.(2) Customer outreach visits are one way we follow up with customers on products and services, solicit feedback, resolve problems, and ensure customer satisfaction. Through these visits we work with our customers to find out if they are satisfied with our products and we ensure continued outstanding customer service. The information provided by our customers is then used to make improvements and to tailor our products and services to our customers needs. The call center feedback survey that is used gives customers the opportunity to provide feedback to us the day after they called us.

3.2.b.(3) We prepare and coordinate policy statements, letters, faxes, and operating procedures with our Defense Subsistence Offices (DSOs)/ Terminal Market Offices (TMOs) and Field Buyers. They also conduct market

basket surveys each month at our five DSOs, and eight TMOs, comparing the prices charged by local delivery chain stores for five vegetable and fruit items to our customers. CBU and field personnel meet with DeCA and USDA on not less than a quarterly basis, often monthly.

3.2.b.(4) We now perform our DLA Survey in cycles. Instead of performing surveys every two years, we are now surveying three times a year and anticipate increasing our effort to once a quarter. We anticipate performing surveys every quarter. This survey process now gives us the ability to expedite the changes and deletions of inappropriate survey questions based upon customer feedback.

Figure 3.2-1 (DSCP Customer Complaint Process)

Customer Complaint Management Process

